

Charity fatigue has Haitian officials calling for more investments

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PORT-AU-PRINCE -- As Haitian and foreign officials laid the first stone of a new 605-acre industrial park on a bulldozed bean field this week, they each heralded it as not just a foundation for job creation but a new model for economic development.

“This is the change we need. This is the development we need,” a dressed-down President Michel Martelly, told the crowd gathered in Caracol, a rural community in northern Haiti that will soon be transformed by 65,000 new jobs in apparel, furniture and paint-making that the internationally financed but state-owned park is expected to attract.

“Haiti says ‘Thank you’ to everyone who helped; those who brought us food or water. But the Haitian people want this to change,” said Martelly, who has promised to create 500,000 jobs in three years. “Today, this is the kind of investment model we need from Haiti’s friends. With this kind of model, you allow Haitians to regain their pride.”

The call was issued on the eve of an investment forum in Port-au-Prince attracting 1,000 people — nearly half of them, potential investors from 29 countries. Sponsored by the Inter-American Development Bank, it comes amid a building consensus that nearly two years after the devastating January 2010 earthquake and decades of economic stagnation, Haiti must finally break the cycle of handouts.

The government has promised to support several investor-friendly policies, including reducing business registration from 150 days to 10 and construction permits from three years to 60 days; reinforce a one-stop investment center designed to support business start-ups and launch a new InvestinHaiti website. It will also form a joint task force with the IDB to follow up on the conference.

“We want to be visible at all of the conferences,” said Karl Jean-Louis, executive director of Haiti’s Presidential Investment Advisory Council.

Haiti backers say if a fraction of the promises are kept, the nation would finally be able to get rid of its image as one of the worst places in the region to do business based on the World Bank’s International Finance Corporation annual rankings.

“What business people are looking for is the ability to control the risks that they face,” said Ann Pence, a consultant with 30 years experience in the development world who was making the rounds on behalf of construction clients hoping to invest. “They want to be in these markets. But to do so, they do have to have a regulatory environment, a tax environment (and) respect for contracts.”

Haiti ranks 141 out of 142 countries in competitiveness, said local economist Kesner Pharel. The country can tap its vast potential by making measurable improvements, he noted Wednesday as the conference ended.

“Among the main priorities of the...administration, one can say, is the establishment of policies in the energy, telecommunications sectors in order to make the Haitian economy more productive and competitive,” he said. “We don’t have to go from 141 to 50 right away.”

William Hancock, the CEO of a housing company, agreed.

“Everyone has touched on all of the major issues that need to be resolved. Now, those issues need to be resolved: finance, shipping and port, and the road system, which is improving.”

Haiti did get some good investments news: Two hotel deals were signed including a \$45 million, 173-room Marriott in the Turgeau neighborhood, and a \$47-million 250-room hotel near the airport. They are among more than a half-dozen hotel expansions and new construction underway.

Also announced by the IDB, France and Clinton Foundation is a deal to help 10,000 Haitian coffee growers improve the quality of their product through a partnership with the Colombian Coffee Federation and NESTLE. The government of Haiti also signed an agreement with LS Cable and Systems, a Korean firm that wants to manufacture medium and high voltage cables in Haiti.

Joseph Whinney, a chocolate maker from Seattle, said he is strongly considering doing business in Haiti.

“I’d always been resistant to doing anything here because of the political climate. Now that it seems to be moving in the right direction, I felt it was time for us to come and make a difference,” said Whinney, who currently buys cocoa from the neighboring Dominican Republic.

“This is not for every investor,” IDB President Luis Alberto Moreno told The Miami Herald. “When I sit down with business people, as I have done here, they are really moved by the cost [of doing business] in Haiti.

“This is not the conventional business model,” he added. “You need to understand there is going to be something beyond profits.”

But profits are not all that bad, former President Bill Clinton said as he challenged “skeptics” to team up with local businesses.

“We just want you to make money in a way that helps the Haitians, too,” Clinton said.

One example of that is the Caracol Industrial Park, located 200 miles north of Port-au-Prince along a recently rehabilitated \$70 million highway.

With reinforcement rods already protruding from the ground, the park represents a new era in international cooperation and assistance in Haiti — aid for trade. The Haitian government provided the land. The European Union paved the main highway; IDB is building the factory

shells and secondary roads; the U.S. is providing the power plant and port improvements. Secretary of State Hillary Clinton, meanwhile, personally sealed the deal to recruit the main tenant, Sae-A, one of South Korea's largest manufacturers. Its \$85 million investment will provide 20,000 jobs.

"One in 20 Haitians will benefit from this project," Bill Clinton said, referring to the economic spinoff.

With 5,000 new houses being built by the U.S. Agency for International Development and the IDB, and a school for 500 children by Sae-A, both Clinton and Moreno say they hope the park will serve as a "flagship" that shows what can be done when people work together.

"We can turn this ship around," said Pierre-Yves Gadere, a tenant of the park. Gadere, who supplies paint to U.S.-based Sherwin Williams, is expanding his paint-making business to the plant. Gadere, who is Haitian, also hopes to soon open a factory to make rope and twine out of sisal on the site, a former sisal plantation.

"Haitian people are hard workers," he said. "They are just asking for an opportunity to work and get fair pay."

Gabriel Verret, who shepherded the Caracol concept as economic adviser to former President Rene Preval, agreed.

"People who work in Haiti get by. The people who don't work die," said Verret. "The biggest social development contribution you can make in Haiti is create jobs. The only way to create jobs is to have investments. It doesn't matter where it comes from."